

MINUTES
Budget Committee Meeting
May 31, 2013

The meeting was called to order at 6:00 p.m. by Committee Chair Allen Dawson. Present were Councilors Cate Arnold, Betty Bode, Mark Fagin, and Marc San Soucie, and Members Karmen Bickel, Randy Blake, Allen Dawson, Jose Galindez, Traci Stout, and Alternate Member Geoff Dougall. Councilor Ian King was excused. Also present were Mayor Dennis Doyle; Patrick O'Claire, Finance Director; Randy Ealy, Chief Administrative Officer; Dave Waffle, Assistant Finance Director; Bill Kirby, City Attorney; The Oregonian; The Valley Times; and Joanne Harrington, Recording Secretary.

FISCAL YEAR 2013-14 PROPOSED BUDGET (Continued)

Mr. O'Claire said he would like to formally submit a citizen communication via a telephone call at 1:32 p.m. on May 31, 2013, from Sue Wagoner of 8710 SW Rebecca Lane. He said Ms. Wagoner would prefer that we lower Mayor Doyle's salary and car allowance before raising property taxes.

City Attorney

Bill Kirby reviewed the Attorney Services and Records Management FY 2013-14 proposed budget. To reduce costs, he said they try to hire paralegals and legal assistants to complete work that does not require an attorney. He said there will be some upcoming salary savings as a senior top-step attorney will be retiring and will be replaced with an attorney at a lower salary step.

This ended the Budget Committee's review of each Department's Budget.

In response to Don Walton's comments regarding parking at the Round at the Budget Committee meeting on May 30, 2013, Mr. O'Claire distributed the parking consultant's analysis of parking at the Round.

In response to Councilor Bode's question about the ramifications of a budget not being approved this evening, Mr. O'Claire said that if the committee does not pass a budget in time for a typical hearing process for adoption, then the City does not have a legal budget to begin operations on July 1st. Mr. O'Claire distributed a document showing the different scenarios.

Chair Dawson opened the meeting at 6:10 p.m. for general public input on the Proposed FY 2013-14 budget.

Bill Berg, a 27-year resident of Beaverton, said he supports the South Office Building purchase and the move of City Hall to that location. He said the City appears to be taking a fiscally sound approach to financing that purchase and the move. He said that he listened to all the department heads describe and justify their FY 2013-14 budget requests and he feels that each of them is taking a prudent, fiscally responsible approach that is respectful of our taxpayers' dollars.

Cathy Stanton, a Beaverton resident, said she wants to make a plea for the library and remind everyone how important the library is and what a valuable resource it is for every one of every age in our community.

Mr. O'Claire said the Library Materials line item in the proposed FY 2013-14 budget is increasing \$8,000 over the current year's budget.

Barbara Wilson, a Beaverton resident, said that she supports what Cathy Stanton said about the library. She said that she is not supportive of the Sister Cities program. She said that it is important that we do not increase the tax levy rate and we cannot do everything that various people want.

Public Hearing

Chair Dawson opened the Public Hearing portion of the meeting at 6:24 p.m. on the proposed uses of State Revenue Sharing funds for the Proposed FY 2013-14 budget.

There was no public testimony.

The public portion of the Public Hearing was closed at 6:25 p.m.

Mr. O'Claire reviewed the four budget amendment packets and explained the correct procedure to approve the amendments.

Councilor San Soucie MOVED/SECONDED by Councilor Fagin to approve the FY 2013-14 Budget as submitted. The Chair asked for discussion.

Mayor Doyle thanked the Budget Committee for their work reviewing the proposed budget. The Mayor said he trusts Mr. O'Claire's judgment as he has kept the City's finances in excellent order. He said regardless of how the budget ends up with the proposed amendments, he knows that City staff will make the necessary adjustments to make things happen.

Member Galindez said this is the first budget in six years that he has a problem with. He said that he does not think the City needs the 11 cent tax levy. He said staff has historically been able to under spend projected costs.

Councilor Arnold said if the tax rate is not increased, the General Fund will be more vulnerable.

Mr. O'Claire said the \$900,000 increase (in property taxes) will only come out of three funds which are the General Fund, the Library Fund and the Streetlighting Fund.

Councilor San Soucie said the decision that has to be made is whether we want to aggressively build up the contingencies or more aggressively keep down the tax rate.

Mr. Dougall said one option is to reduce costs.

Councilor San Soucie said he concurs with Mr. Dougall but he thinks the departments have done an aggressive job at cutting costs. He said in many programs there were reductions in Materials and Services and Capital Outlay.

Mr. Dougall said the per capita costs in some of the departments are skyrocketing.

Member Blake said considering his own personal expenses, the passing of the school budget levy and the Metro levy, and now the City's proposed tax rate increase will mean his taxes will increase by about \$1,000 for one year. He said the budget is well managed, but he is concerned that it keeps incrementally increasing.

Mr. O'Claire discussed the scenarios of the various tax rate increases. He said a house that has an assessed value of \$200,000, the total increase due to the 11 cent tax rate increase would be \$22 for a year.

Ms. Stout said it is the principle of the increase that is more important than the dollar amount. She said the City of Beaverton's budget does not reflect what is happening in the real world for the last several years. She said there are no slashes or reduction of head count.

Councilor Arnold said the problem is that once the City starts offering a service, it is very hard to take it away.

Mr. Dougall reminded the Committee that the Chief of Police said if he was told to cut \$300,000, he could do it. He said it is okay to say "No" to citizens.

Councilor San Soucie said he thinks it is a wise approach to count on City staff to manage expenses. He said it isn't a decision of 11 cents or zero cents. He said the decision is how much we want to build up the General Fund Contingency.

Councilor Bode said this is not the time to add 11 cents to the tax rate.

Councilor Fagin said in the future, Council needs to determine the priorities of the City prior to the budget being prepared so they can be incorporated into it.

Mr. O'Claire said if substantial cuts were made to the budget by the departments, the Budget Committee would have to reconvene to approve the revised budget. Mr. O'Claire suggested that the 11 cents be removed from the budget and that the Library Fund be made whole from the General Fund. He said the mission of the Budget Committee and the City Council to the City staff and the Mayor for this next year is to rein down on the current proposed budget expenses. He said next year at this time, the contingencies should be at the level they should have been at had we not had the 11 cents.

Councilor San Soucie said at some point we need to build up the General Fund contingency as he is concerned with it dropping too low. He said he would like to see the Budget Committee consider something less than 11 cents but greater than zero as a millage rate modification.

Councilor Bode said that she is confident that staff can hold on their spending and not take down the contingency fund by really looking at essential services in the departments and challenging themselves.

Ms. Stout said the Landscape program seems to be over-staffed when compared to other cities.

Mr. Dougall said that there is a levy that will be ending soon and asked how that will affect the General Fund.

Mr. O'Claire said the levy that Mr. Dougall is talking about is approximately 22 cents and is for the library building's debt service. He said it is outside the permanent tax levy of \$4.61 and the debt will start to be paid off in FY 2017-18.

Councilor Arnold said she hoped that the 22 cents would be used for a Public Safety Building.

Mr. Blake suggested using the 22 cents to support the library.

Mr. O'Claire suggested taking out the 11 cent property tax increase that is in the proposed budget. He said this would result in a \$904,000 decrease to the General Fund's contingency.

Mr. O'Claire reviewed Amendment Packet No. 1 that was proposed by the City as amendments to the FY 2013-14 Budget.

**AMENDMENT PACKET No. 1
PROPOSED BY THE CITY
AMENDMENTS TO FY 2013-14 BUDGET**

1. Geographical Information Systems Fund:

Continued funding of the City's support of the Greater Portland Pulse Regional Funding Alliance – regional database of socio-economic indicators.

Account #		FY 2013-14 Amended Recommended
604-30-0678-307	Membership Fees	\$6,000
604-30-0678-991	GIS Fund Contingency	(\$6,000)

2. Water Construction Fund:

Additional funds for the City of Beaverton to enter into an intergovernmental agreement with Washington County to construct water system improvements for the City as part of the County's SW Scholls Ferry Road Improvements Project (Roy Rogers to Teal).

Account #		FY 2013-14 Amended Recommended
505-75-3620-682	Construction	\$90,728
505-75-0744-991	Water Construction Fund Contingency	(\$90,728)

3. General Fund and Debt Service Fund - Establish funding and appropriations for the debt service on the revenue bond issue for the Improvements to the South Office Building

Transfer franchise fee revenues from the General Fund to the Special Revenue Bond Debt Service Fund, establish the necessary appropriations to pay the monthly principal and interest on the bonds and provide for the debt service reserve equaling 25% of the annual debt service.

Account #		FY 2013-14 Amended Recommended
General Fund		
001-03-0000-310	Franchise Fees to Other Funds	\$1,068,400
001-13-0003-991	Contingency	(\$1,068,400)
Debt Service Fund		
202-03-0000-309	Franchise Fee Allocation From General Fund	\$1,068,400
202-20-2001-739	Bond Principal 2013 Revenue Bonds	\$706,510
202-20-2001-740	Bond Interest 2013 Revenue Bonds	\$ 94,786
202-20-2001-992	Unappropriated Ending Fund Balance	\$267,104

4. **Capital Development Fund - Record proceeds from the Revenue Bond issue in the Capital Development Fund for the amount necessary to construct the tenant improvements to the South Office Building as approved by Council on Agenda Bill 13109 subject to the 60 day petition notification period.**

Account #		FY 2013-14 Amended Recommended
Revenue		
301-03-3507-451	Bond Sale Proceeds	\$5,800,000
Expenditures		
301-70-3507-605	Buildings and Building Improvements	\$5,654,351
301-70-3507-799	Debt Service Fees and Bond Issuance Expense	\$58,000
301-70-3507-991	Contingency	\$87,649

5. **General Fund Non-Departmental – Delete recommended principal and interest payments for debt service on line of credit for tenant improvements related to city operations at South Office Building as they are included within amendment No. 3.**

Account #		FY 2013-14 Amended Recommended
Expenditures		
001-13-0007-737	Commercial Loan Principle	(\$63,000)
001-13-0007-738	Commercial Loan Interest	(\$11,000)
001-13-0003-991	Contingency	\$74,000

6. **Community Development Block Grant Fund – Record additional federal grant revenue and associated expenditures.**

The City received notification that the final block grant award for FY 2013-14 is \$38,189 more than their preliminary estimate of \$512,827, for a final award amount of \$551,016.

Account #		FY 2013-14 Amended Recommended
Revenue		
106-03-0000-327	Federal Grant Revenues	\$38,189
Expenditures		
106-70-0611-321	Travel and Subsistence	\$1,000
106-70-0611-326	Training	\$1,000
106-70-0611-461	Special Expense	\$5,638
106-70-6020-383	Community Services (Social Service Funding)	\$5,728
106-70-6020-461	Special Exp. (Proud Ground Community Land Trust)	\$24,823

Councilor San Soucie MOVED/SECONDED by Councilor Fagin to amend the proposed FY 2013-14 budget with Amendment Packet No. 1. The Chair called for discussion. Hearing none, the Chair called for a vote. Councilors Bode, Fagin, San Soucie and members Bickel, Blake, Dawson, Galindez, Stout voted aye. The MOTION CARRIED (8:0).

Mr. O'Claire reviewed Amendment Packet No. 2a that was proposed by Member Stout.

**AMENDMENT PACKET No. 2a
PROPOSED BY MEMBER STOUT
AMENDMENTS TO FY 2013-14 BUDGET**

1. General Fund, Library Fund and Street Lighting Fund

Eliminate the estimated 11 cent increase in the tax rate with the General Fund picking up the full property tax reduction of the 11 cents.

Account #		FY 2013-14 Amended Recommended
General Fund		
001-03-0000-311	Property Tax Revenues	(\$904,172)
001-13-0003-991	Contingency	(\$904,172)

Member Stout MOVED/SECONDED by Member Blake to amend the proposed FY 2013-14 budget with Amendment Packet No. 2a. The Chair called for discussion. Hearing none, the Chair called for a vote. Councilors Bode, Fagin, San Soucie and Members Bickel, Blake, Dawson, Galindez, and Stout voted aye. The MOTION CARRIED (8:0).

Mr. O'Claire reviewed Amendment Packet No. 2b that was proposed by Member Stout.

**AMENDMENT PACKET No. 2b
PROPOSED BY MEMBER STOUT
AMENDMENTS TO FY 2013-14 BUDGET**

1. General Fund - Arts and Culture Program:

Remove the funding for two sister city outbound trips (Pages 109 and 110 of the Budget Document).

Account #		FY 2013-14 Amended Recommended
001-10-0527-474	Sister Cities Expense	(\$8,680)
001-13-0003-991	General Fund Contingency	\$8,680

Member Stout MOVED/SECONDED by Member Galindez to amend the proposed FY 2013-14 budget with Amendment Packet No. 2b. The Chair called for discussion. Hearing none, the Chair called for a vote. Councilor Bode and Members Bickel and Stout voted aye. Councilors Fagin and San Soucie and Members Blake, Dawson, and Galindez voted nay. The MOTION FAILED (3:5).

Mr. O'Claire reviewed Amendment Packet No. 2c that was proposed by Member Stout.

**AMENDMENT PACKET No. 2c
PROPOSED BY MEMBER STOUT
AMENDMENTS TO FY 2013-14 BUDGET**

1. General Fund Arts and Culture Program:

Remove funding for the Celebration Parade (Pages 109 and 110 of the Budget Document).

Account #		FY 2013-14 Amended Recommended
001-10-0527-459	Celebration Parade Expense	(\$50,000)
001-13-0003-991	General Fund	\$50,000

Member Stout MOVED/SECONDED to amend the proposed FY 2013-14 budget with Amendment Packet No. 2c. The Chair called for discussion.

Councilor San Soucie said that he will not be supporting this motion as the Celebration Parade is one of the most significant and popular events in Beaverton and has a long standing history.

Member Galindez concurs with Councilor San Soucie.

Councilor Bode said that she will not be able to support the motion at the full cost of \$50,000, but believes staff can do some reductions and maintain some resemblance of the parade.

Mayor Doyle said the Celebration Parade is a significant event that has taken place in the city of Beaverton for 52 years and if taken away, it punishes over 10,000 people so he strongly urges a "No" vote.

The Chair called for a vote. Councilors Arnold, Bode, Fagin, San Soucie and Members Bickel, Blake, Dawson, Galindez, and Stout voted nay. The MOTION FAILED (0:9).

Mr. O'Claire reviewed Amendment Packet No. 3 that was proposed by Councilor San Soucie.

**AMENDMENT PACKET No. 3
PROPOSED BY MEMBER SAN SOUCIE
AMENDMENTS TO FY 2013-14 BUDGET**

1. General Fund and Library Funds

Remove the \$178,352 Overhead Transfer Subsidy from the General Fund to the Library Fund and reduce the General Fund's portion of property taxes by \$178,352 and increase the Library Fund's portion of property taxes by \$178,352.

Account #		FY 2013-14 Amended Recommended
General Fund		
Revenues		
001-03-0000-311	Property Taxes	(\$178,352)
Expenditures		
001-13-0003-830	Transfers Out To the Library Fund	(178,352)
Library Fund		
Revenues		
115-03-0000-311	Property Taxes	\$178,352
115-03-0000-411	Transfers In From the General Fund	(\$178,352)

Councilor San Soucie MOVED/SECONDED by Councilor Fagin to amend the proposed FY 2013-14 budget with Amendment Packet No. 3. The Chair called for discussion. Hearing none, the Chair called for a vote. Councilors Fagin and San Soucie and Members Bickel, Blake, Dawson, and Stout voted aye. Councilors Arnold and Bode and Member Galindez voted nay. The MOTION CARRIED (6:3).

Mr. O'Claire reviewed Amendment Packet No. 4 that was proposed by Councilor Fagin.

**AMENDMENT PACKET No. 4
PROPOSED BY MEMBER FAGIN
AMENDMENTS TO FY 2013-14 BUDGET**

1. General Fund and State Revenue Sharing Fund

Remove the \$100,000 appropriation for additional social services funding in the General Fund's Non-Departmental program and instead appropriate \$94,272 for the additional social services funding in the State Revenue Sharing Fund. Combining this \$94,272 in social services funding along with the social services funding from the additional federal block grant fund appropriation in Amendment Packet No. 1 Item 6 of \$5,728 would offset the total 100,000 that was removed from the General Fund.

Account #		FY 2013-14 Amended Recommended
General Fund		
001-13-0003-383	Community Services	(\$100,000)
001-13-0003-991	Contingency	\$100,000
State Revenue Sharing Fund		
103-20-0541-383	Community Services	\$94,272
103-20-0541-991	Contingency	(\$94,272)

Councilor Fagin MOVED/SECONDED by Councilor Bode to amend the proposed FY 2013-14 budget with Amendment Packet No. 4. The Chair called for discussion. Hearing none, the Chair called for a vote. Councilors Arnold, Bode, Fagin, San Soucie and Members Bickel, Blake, Dawson, Galindez and Stout voted aye. The MOTION CARRIED (9:0).

The Chair entertained a motion to accept the Proposed FY 2013-14 Budget as submitted with Amendment Packets No. 1, 2a, 3, and 4. The motion was MOVED/SECONDED. The Chair called for discussion. Hearing none, the Chair called for a vote. The MOTION CARRIED (9:0).

The Chair asked for a motion to approve the minutes from the November 8, 2012, Budget Committee Meeting.

Member Blake MOVED/SECONDED by Councilor Bode to approve the minutes from the November 8, 2012, Budget Committee Meeting. The Chair asked for discussion. Hearing no discussion the Chair called for a vote on the motion. Councilor Fagin and Member Galindez abstained from voting. The MOTION CARRIED (7:0).

Supplemental Budget S-13-2

The Chair then called upon Mr. O'Claire to begin the Supplemental Budget review. Mr. O'Claire reviewed the proposed amendments to the Supplemental Budget S-13-2. The Chair asked if there was discussion on the amendments. There was no discussion.

The Chair reviewed the Transmittal of Supplemental Budget S-13-2 dated May 13, 2013, page by page.

The Chair entertained a motion to approve Supplemental Budget S-13-2 as submitted and recommend it be forwarded to the City Council for adoption.

Member Galindez MOVED/SECONDED by Councilor San Soucie to approve Supplemental Budget S-13-2 as proposed. The Chair called for discussion.

PROPOSED AMENDMENTS TO FY 2012-13 BUDGET S-13-2

1. Building Operating Fund:

Increase the appropriation in the Building Operating Fund for professional services for third party structural plan review due to four large commercial projects that were recently submitted for plan review.

Account #		FY 2012-13 Amended Recommended
105-70-0664-511	Professional Services	\$2,400
105-70-0664-991	Building Fund Contingency	(\$2,400)

2. Various Funds:

Additional funds needed to cover estimated accrued absences and payroll taxes at year-end.

Account #		FY 2012-13 Amended Recommended
001-05-0511-299	Payroll Taxes and Fringes	\$500
001-13-0003-991	General Fund Contingency	(\$500)
106-70-0611-299	Payroll Taxes and Fringes	\$2,000
106-70-0611-461	Special Expense	(\$2,000)
605-85-0681-299	Payroll Taxes and Fringes	\$18,000
605-85-0681-991	Public Works Admin Fund Contingency	(\$18,000)
706-40-0010-299	Payroll Taxes and Fringes	\$4,000
706-40-0010-991	Insurance Agency Fund Contingency	(\$4,000)
706-40-0014-299	Payroll Taxes and Fringes	\$4,400
706-40-0014-991	Insurance Agency Fund Contingency	(\$4,400)
706-40-0016-299	Payroll Taxes and Fringes	\$2,000
706-40-0016-991	Insurance Agency Fund Contingency	(\$2,000)

The Chair called for a motion to approve the Amendments to Supplemental Budget S-13-2 as presented.

Councilor San Soucie MOVED/SECONDED Member Blake to approve the Amendments to Supplemental Budget S-13-2 as presented. The Chair called for discussion.

The Chair called for a vote on the amendments. The motion CARRIED (9:0).

The Chair called for any other discussion. Hearing none, the Chair called for a vote on the motion to approve the Supplemental Budget S-13-2 as amended. The motion CARRIED (9:0).

Special Council Meeting

A Special Council Meeting was called to order at 8:00 p.m. by Mayor Doyle. Present were Councilors Arnold, Bode, Fagin, and San Soucie. Councilor King was excused.

Mr. O'Claire said Agenda Bill 13091, A Resolution adopting the Supplemental Budget S-13-2 for the Fiscal Year Commencing July 1, 2012, and making appropriations therefrom Resolution 4171 was approved and deliberated by the Budget Committee and it was amended by the Amendments that were recorded in the meeting and since that time there has been no proposed changes to it.

Public Hearing

A Public Hearing was called at 8:00 p.m. for the adoption of the Supplemental Budget for FY 2012-13, there being no public testimony the Public Hearing was closed at 8:02 p.m.

Councilor San Soucie MOVED/SECONDED by Councilor Bode that the City Council approve Agenda Bill 13091, A Resolution adopting the Supplemental Budget S-13-2 for the Fiscal Year Commencing July 1, 2012, and making appropriations therefrom Resolution 4171. The Mayor asked for discussion. The MOTION CARRIED (9:0).

Councilor Bode MOVED/SECONDED by Councilor Fagin to set a public hearing date of June 18, 2013, for the adoption of the FY 2013-14 Budget and the proposed use of State Revenue Sharing Fund. The Mayor asked for discussion. The MOTION CARRIED (9:0).

There being no further business to discuss the Special Council Meeting was adjourned at 8:03 p.m.

There being no further business to discuss the Budget Committee Meeting was adjourned at 8:05 p.m.

Recorded by
Joanne Harrington
Recording Secretary

APPROVED BY Karmen Bickel, Secretary